



Branch of Mizuho Bank, Ltd.

Annual Report

January - December

2022

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1. BRAND

In Japanese, *mizuho* means "a fresh harvest of rice," and the phrase *mizuho no kuni*—meaning "fruitful country"—is used to refer poetically to Japan. Our brand name "Mizuho" expresses the commitment as Japan's leading financial institution to offer highly fruitful financial products and services to all of its customers, both in Japan and abroad.

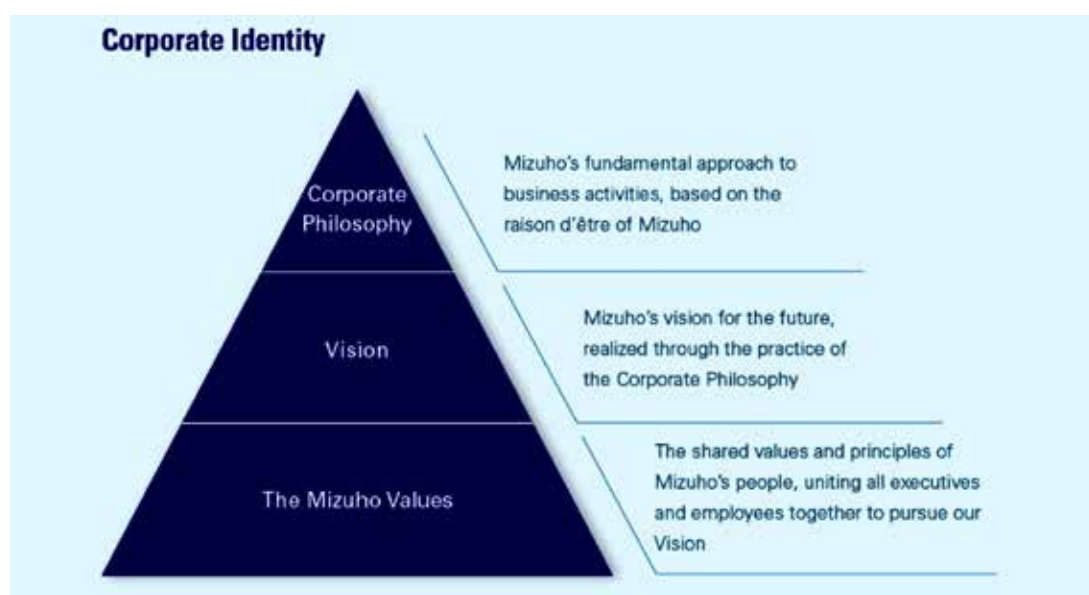


BRAND LOGO

The brand logo of the Mizuho Financial Group is a simple yet sophisticated logotype in blue underscored by a striking red arc. The red arc represents the sun rising over the horizon. The logotype represents our employees' commitment and passion in everything they do.

BRAND COLORS

The two colours used in our brand logo were specially created for our brand. Mizuho Cosmic blue, as used in the logotype, symbolizes reliability, integrity, world scale and quality. Horizon red, used for the arc, represents the warm relationships between the Mizuho Financial Group and its customers, as well as humanity and passion.



2. MIZUHO FINANCIAL GROUP'S CORPORATE PHILOSOPHY

Mizuho, the leading Japanese financial services group with a global presence and a broad customer base, is committed to: Providing customers worldwide with the highest quality financial services with honesty and integrity,

Anticipating new trends on the world stage,

Expanding our knowledge in order to help customers shape their future,

Growing together with our customers in a stable and sustainable manner, and

Bringing together our group-wide expertise to contribute to the prosperity of economies and societies throughout the world.

These fundamental commitments support our primary role in bringing fruitfulness for each customer and the economies and the societies in which we operate. Mizuho creates lasting value. It is what makes us invaluable.

3. VISION

The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia, and Japan.



4. VALUES

Customer First	Innovative Spirit	Team Spirit	Speed	Passion
The most trusted partner lighting the future	Progressive and flexible thinking	Diversity and collective strength	Acuity and promptness	Communication and challenge for the future

a. CUSTOMER FIRST

We are proud to be our customers' most trusted partner lighting the future. We put our customers first and place their interests at the core of our business. We bring together our group-wide expertise and provide the best financial products and services to them with honesty and integrity. We thereby earn our customers' trust, which is fundamental to Mizuho, and contribute with our customers to the prosperity of economies and societies.

b. INNOVATIVE SPIRIT

We consistently adopt a progressive and forward thinking approach, identifying new trends in the movements on the world stage with wider vision. We value, encourage, and implement innovative

ideas in a flexible way of thinking to respond effectively to customer needs and changes in both local and global economies and societies.

c. TEAM SPIRIT

We always keep an open mind, embrace diversity in all its forms, and foster a strong team spirit to maximize our collective strength as experienced financial service professionals.

d. SPEED

We strive to provide our customers with the best products and services with a focus on promptness and accuracy. We are acutely sensitive to our customers' needs and respond quickly.

e. PASSION

We are passionate about overcoming any challenges to open the way to a bright future of our customers, society and ourselves. We bring fruitfulness to them by acting as our customers' most trusted partner and fulfilling our social responsibilities. Mizuho provides them with lasting value. It is what makes us invaluable.

5. CORPORATE PROFILE

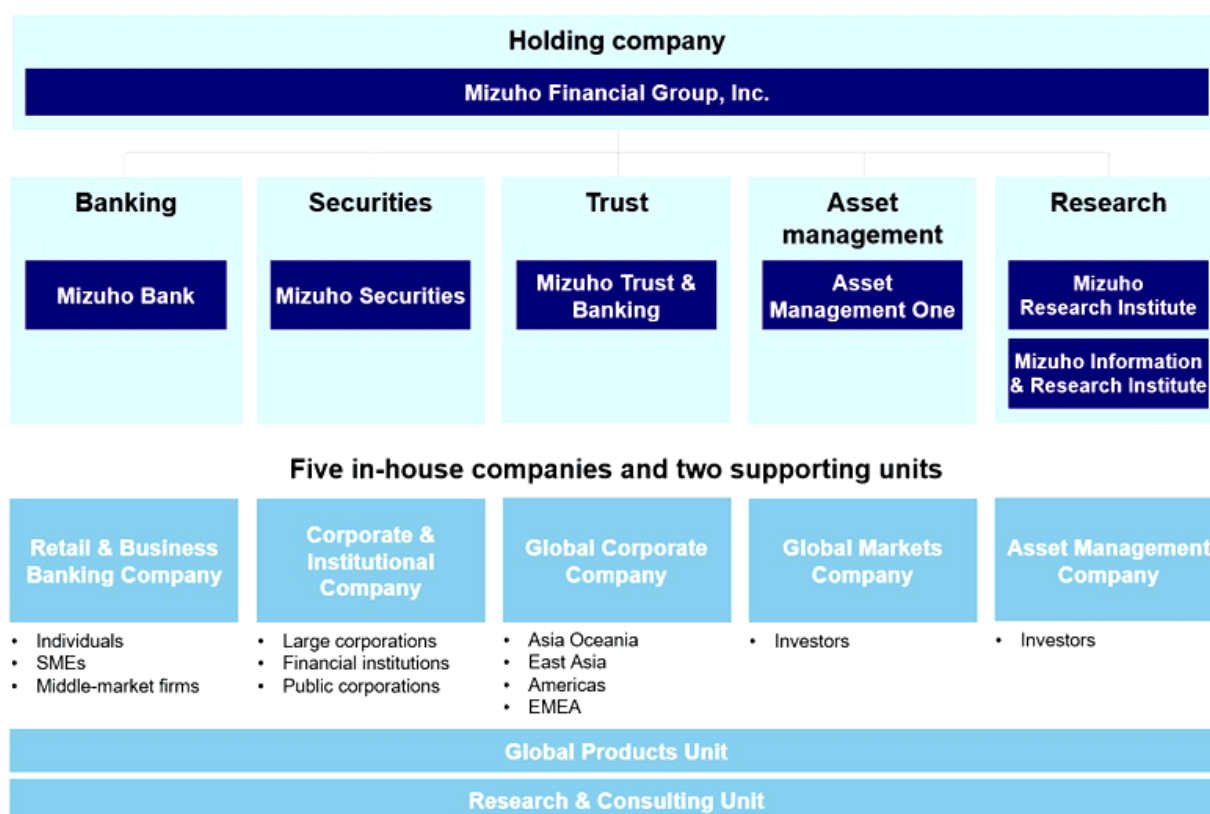
Branch of Mizuho Bank in Phnom Penh ("MPB") belongs to Mizuho Bank Ltd, which is one of core financial institution in Mizuho Financial Group. The Group is one of the world's largest full-service financial conglomerates with over 900 offices in 38 countries. As of March 31 2022, we employ over 52,420 staffs worldwide with 150 years of banking experience.

Mizuho has reliable credit ratings (Mizuho Bank, Ltd., Long-term), Moody's: A1, S&P: A and Fitch: A- (as of 31 December, 2022).

Mizuho Financial Group, Inc.: FY2022 as of 31 December, 2022	
Total Assets	USD 1.98 trillion (JPY 251.79 trillion)
Net income	USD 4.31 billion (JPY 547.42 billion)
Capital	USD17.7 billion (JPY2,256.70 billion)
Stock Listing (Code)	Tokyo Stock Exchange (8411) New York Stock Exchange (MFG)

Note: USD 1= JPY 127

GROUP STRUCTURE OF MIZUHO



Brief Information of Mizuho Bank (As of June 2022)

Website	www.mizuhogroup.com/bank
Trade Name	Mizuho Bank, Ltd. (MHBK)
Bank Code	0001
Date of Establishment	Jul 1, 2013
Capital	JPY 1,404.0 Billion
Location of Head Office	1–5–5, Otemachi, Chiyoda–ku, Tokyo 100–8176, Japan Tel: +81–(0)3–3214–1111
Representative	Masahiro Kato, President & CEO, (Appointed on Apr 1, 2022)
Number of Employees	25,897
Network in Japan	461 (Head Office and Branches)
Network outside Japan	82 (Branches or offices)

CORPORATE INFORMATION

Formal Registration Name: **BRANCH OF MIZUHO BANK, LTD.**

LEGAL REPRESENTATIVE

Mr. Nobufumi Sato

OFFICE ADDRESS

No132, AEON MALL Phnom Penh (I), 1st Floor, Samdach Sothearos Blvd,
Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia

Tel: +855-23-964-490

Website: www.mizuhobank.com

AUDITOR

Ernst & Young (Cambodia) Ltd

OFFICE ADDRESS

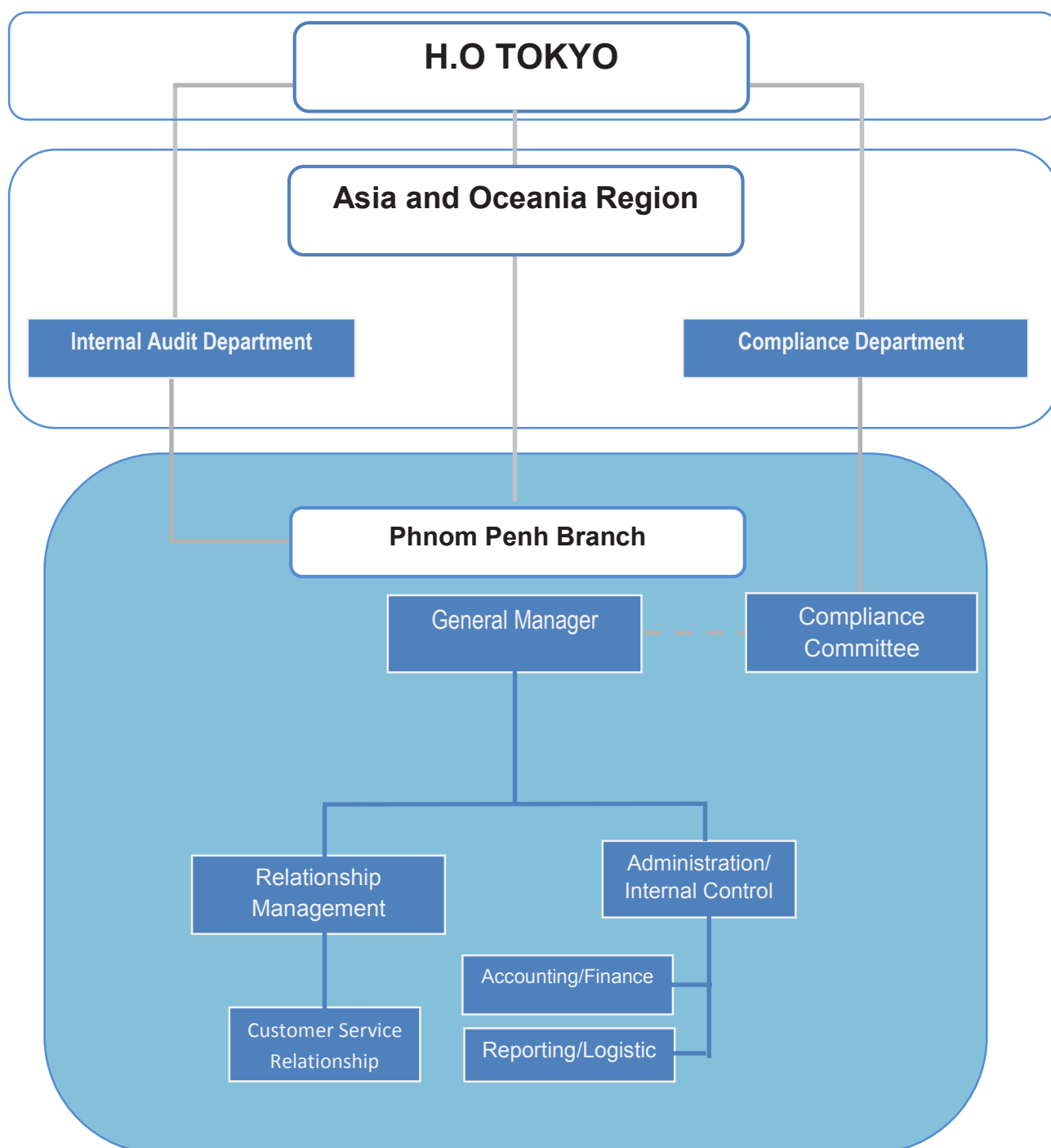
Emerald Building, Level 5, Norodom Blvd Corner street 178,
Sangkat Chey Chumneas, Khan Daun Penh, Kingdom of Cambodia

Tel: +855 23 217 824/825

Fax: +855 23 217 805

www.ey.com

6. ORGANIZATIONAL STRUCTURE



7. GENERAL MANAGER'S STATEMENT

Fiscal Year 2022, Branch of Mizuho Bank in Phnom Penh ("MPB") successfully continues to gain net profit and contributing to Cambodia's tax. There were no big issues on branch operations. MPB operated in accordance with applicable way and regulations in Cambodia without fail.

Currently, MPB has a total of 6 employees. One is the General Manager of MPB's Executive Management and the other 5 employees, consists of 2 employees from customer relationships (1 Head of Relationship Management), and other 2 employees from internal administration and 1 employee from Compliance.

Mizuho's Basic business model continue to focus on creating mutual prosperity for both the Cambodian economy and financial institutions by attracting FDI into Cambodia, providing financial support to local banks, and collaborating in local banking areas acting as a wholesale bank. Also, Mizuho Financial Group continues to provide Transaction Banking Service like Trade Finance transaction along with local bank and Project Finance deal in this country, which opens more opportunity on international finance.

As Mizuho Bank focuses on wholesale banking business, not retail business, we are confident that we will be able to contribute to further development of the industry market supporting on commercial business.

For the actual business development in this Fiscal Year, Mizuho bank expanded business to support FDI to Cambodia like Aeon Mall (Cambodia), Kohnan (Cambodia), Lyly Kameda improving the capability of transaction banking services. Also, continue to expand business support to commercial banks and Financial Institutions like Maybank Cambodia, Acleda Bank, Canadia Bank, ABA Bank, Sathapana Bank, Aeon Specialized Bank (Cambodia), Toyota Tsusho Finance (Cambodia), Idemitsu Saison Microfinance (Cambodia) and other Micro Finance Institutions to support their SMEs business.

We believe that every bank has each role in this market and we would like to maintain this business model and increase the capability to support the development of economy, value chain of industries.

Mizuho Bank strengthens initiatives for achieving Net Zero by 2050 and is focusing on ESG business to provide green finance and advisory services etc. Cambodian Government and JICA (Japan International Cooperation Agency) agreed to collaborate in Clean Energy Transition to prepare Roadmap and Action Plan to achieve Carbon Neutrality in Cambodia. MPB joins this project team to support preparing Roadmap, promoting FDI and considering Finance structure collaborating with Kyoto University, Nippon Koei and The Chugoku Electric Power etc. We also focus on playing role to increase FDI by Japanese and Multi-National Corporates. We continue MOU arrangement with Council for the Development of Cambodia ("CDC") to support investment

activity to Cambodia. Mizuho bank introduced Japanese companies to Cambodian Government to collaborate promoting FDI to Cambodia especially MPB is focusing on Energy Transition Project such as Solar Power.

As we are the first and the only branch of Japanese Commercial Bank, we used to receive many visitors, Mizuho bank continues to promote FDI to Cambodia from Japan and other countries.

For risk management, MPB adopts appropriate risk management measures for its business based on the size and nature of its risk exposures. Our branch submits report and applications concerning Risk Management to the Head Office on regular basis or at any urgent event. Meanwhile, we receive appropriate instructions concerning risk management to control risk factors as Mizuho Financial Group. The branch also maintains minimum of basic system for managing various types of risk, regularly submitting reports on the status of risk, and receive appropriate instructions concerning risk management from Head Office and collaboration offices.

8. BUSINESS OPERATION TARGET

CUSTOMER PERSPECTIVE

For the business development, not just to build direct relation with Japanese companies and Multi-National companies but we have already engaged with commercial banks to seek the area of cooperation where we can support their local business. We would like to maintain this business model and increase the capability to support the development of economy, value chain of industries.

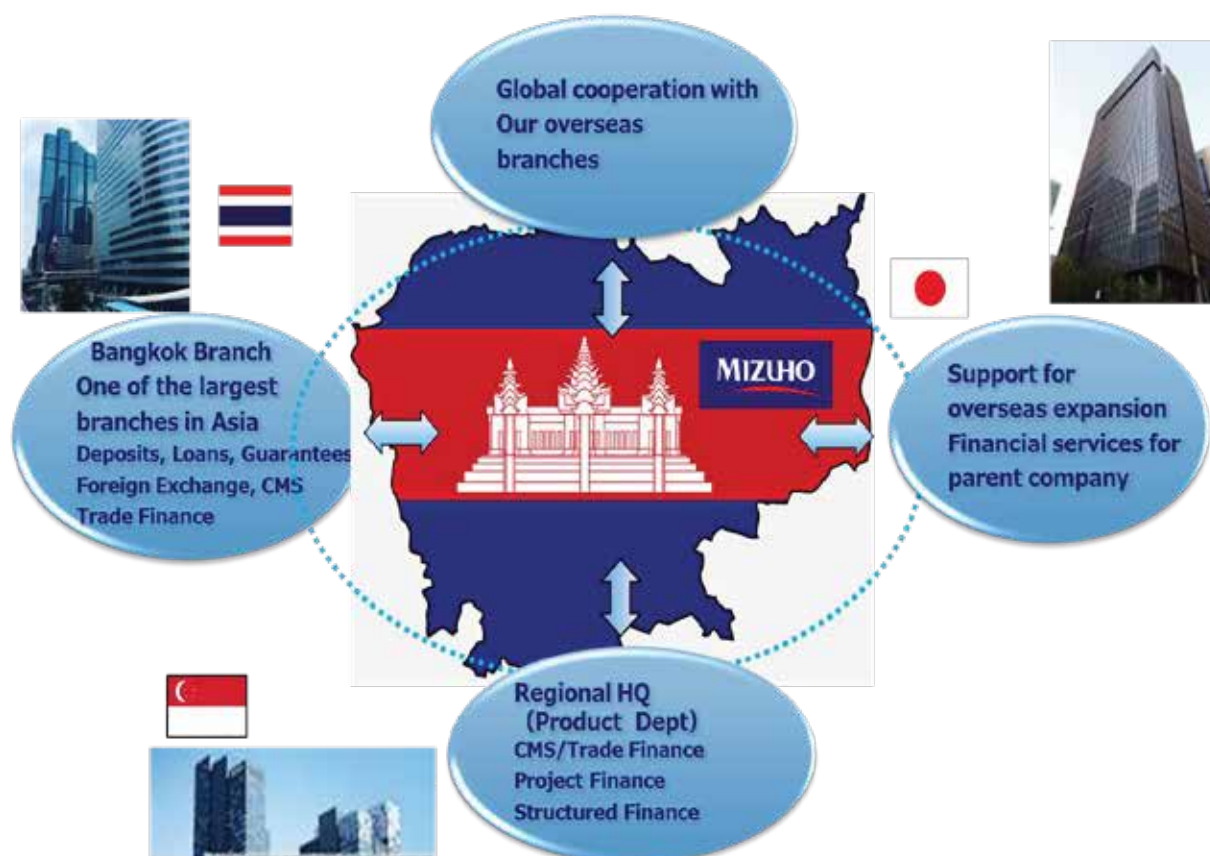
We will thoroughly align ourselves with our customers' needs, be their best financial solutions partner, and shape the future of economy and society of Cambodia.

【Basic products by MPB (Mizuho)】

- + Current Deposit, Ordinary Deposit, Time Deposit
- + Loan
- + FX
- + International Remittance
- + LC trade services
- + Guarantee

INTERNAL PROCESS PERSPECTIVE

In order to bring a sustainable competitive advantage to Mizuho, we are pursuing Operational Excellence. We consolidate common operation with our Bangkok branch, which has one of the largest operation in Asia, coordinating with Head Office in Japan, regional Head Quarter in Singapore, leveraging our expertise and unique insights, backed by our wide-reaching industry knowledge and product development capabilities. Additionally, we are taking advantage of our extensive global network to further develop our ability to support businesses.



OTHER ACTIVITIES

1. INVESTMENT PROMOTION

Our focus is on the role to increase FDI by Japanese and Multi-National Corporates. We continue MOU arrangement with Council for the Development of Cambodia (“CDC”) to support the investment to Cambodia. Mizuho bank co-arranged with CDC and JETRO (Japanese government-related organization) to have New law on Investment seminar on 11 November 2021, welcoming Sok Chenda Sophea, Minister Delegate to the Prime Minister, Secretary General of the CDC to receive Key note speech and to participate panel discussion.

As we are the first and the only branch of Japanese Commercial Bank, we used to receive many visitors, Mizuho bank continues to promote FDI to Cambodia from Japan and other countries.

2. HUMAN RESOURCE DEVELOPMENT

MPB planned to send its staff to participate in some major and required courses by National Bank of Cambodia organized by Institute of Banking and Finance (IBF) from the following years. The courses focus on regulatory compliance and other courses related to the bank's operation. Moreover, MPB also provide some other online training courses to its staff through mobile applications and online professional websites such as ACAMS Enterprise and Udemy for Business.

FINANCIAL RISK MANAGEMENT POLICIES

Mizuho define the key risks to manage as follows;

Risk	Definition
Credit Risk	The group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors' financial position.
Market Risk	The risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual.
Liquidity Risk	The risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual.
Operational Risk	The risk of loss that Mizuho may incur resulting from inadequate or failed internal processes, people and systems or from external events, including the risks; information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk.

In cooperation with booking office and utmost supports from regional office, Phnom Penh Branch will be a member of Operational Risk Committee and Compliance Risk Committee held by booking office to report and obtains information necessary as a key element of solid risk management. Our branch also undertakes regular Internal Audit Field Work conducted by team from Regional Office to observe our Risk Management Environment and recommend appropriate opinions to improve our operational activities. With all customer transactions booked at booking office, Phnom Penh Branch currently assumes no Credit, Market or Liquidity risks. Our branch manages Operational Risk on our own by focusing on Good Management Control, Sound Compliance, Human Resource and System risk management.

9. REPORT OF THE EXECUTIVE MANAGEMENT

The Executive Management of Branch of Mizuho Bank, Ltd. (“the Branch”) presents its report and the Branch’s financial statements as at 31 December 2022 and for the year then ended.

THE BRANCH

The Branch was incorporated in Cambodia on 17 June 2016 under the registration number Co. 00014132 and was granted a banking license by the National Bank of Cambodia (“NBC”) on 1 February 2017 for an indefinite period. The Branch commenced operations on 19 April 2017.

Its head office, Mizuho Bank, Ltd. (“MHBK”), a bank incorporated and registered in Tokyo, Japan is part of Mizuho Financial Group, Inc. (“MFG, Inc.”). MFG Inc., a listed entity on the Tokyo Stock Exchange and New York Stock Exchange, is one of the largest financial institutions in the world, offering comprehensive financial and strategic services, including banking, securities, trust and asset management, credit card, private banking and venture capital, through its group companies including Mizuho Bank and Mizuho Securities.

The Branch is licensed to carry out banking operations including deposits, loans, foreign exchange, and other related services. The Branch is also capable to provide enhanced financial services through its e-banking system.

Currently, the principal activity of the Branch is to provide marketing support for banking services of Mizuho Bank, Ltd. Bangkok Branch for its clients in Cambodia.

The Branch’s registered office address is at Aeon Mall Phnom Penh (I), 1st Floor, Samdach Sothearos Blvd, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.

There was no significant change in the principal activities of the Branch during the year.

FINANCIAL RESULTS

The financial performance is set out in the statement of comprehensive income.

ASSETS

Before the financial statements of the Branch were drawn up, the Executive Management took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Branch had been written down to an amount which they might be expected to realize.

At the date of this report, the Executive Management is not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Branch misleading or inappropriate in any material respect.

VALUATION METHODS

At the date of this report, the Executive Management is not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Branch misleading or inappropriate in any material respect.

REPORT OF THE EXECUTIVE MANAGEMENT (continued)

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Branch which has arisen since the end of the period which secures the liabilities of any other person; and
- No contingent liability in respect of the Branch that has arisen since the end of the period other than in the ordinary course of business.

No contingent or other liability of the Branch has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Executive Management, will or may have a material effect on the ability of the Branch to meet its obligations as and when they become due.

EVENTS AFTER THE REPORTING PERIOD

Other than those events disclosed in the notes to the financial statements, there have been no significant events occurred after the reporting period that require disclosure or adjustments in the financial statements.

THE EXECUTIVE MANAGEMENT

The members of the Executive Management during the period and at the date of this report are:

Mr. Nobufumi Sato	General Manager
Mr. Yoshiyuki Yamamoto	Head of Relationship Management and Administrative/Internal Control Divisions (<i>Resigned on 05 November 2022</i>)
Mr. Yin Kompheak	Acting Head of Relationship Management and Administrative/Internal Control Divisions (<i>Appointed on 07 November 2022</i>)

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Branch.

EXECUTIVE MANAGEMENT'S BENEFITS

During and at the end of the year, no arrangement existed, to which the Branch was a party, whose object was to enable the Executive Management of the Branch to acquire benefits by means of the acquisition of shares in or debentures of the Branch or any other corporate body.

STATEMENT OF EXECUTIVE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Executive Management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). In preparing these financial statements, the Executive Management is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply CIFRSs or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal controls;

STATEMENT OF EXECUTIVE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Branch will continue operations in the foreseeable future; and
- Set overall policies for the Branch, ratify all decisions and actions by the management that have a material effect on the operations and performance of the Branch, and ensure they have been properly reflected in the financial statements.

The Executive Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Branch and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Branch and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Management confirms that the Branch has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Branch as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

On behalf of the Executive Management:



Mr. Nobufumi Sato
General Manager

Phnom Penh, Kingdom of Cambodia

31 March 2023

Reference: 61386135/66783946

10. INDEPENDENT AUDITOR'S REPORT

To: Head Office of Branch of Mizuho Bank, Ltd.

Opinion

We have audited the financial statements of Branch of Mizuho Bank, Ltd. ("the Branch"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Branch in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report is the Report of the Executive Management as set out in pages 1 to 3. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Emmanuel A. Guelas
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors
Phnom Penh, Kingdom of Cambodia

31 March 2023

11. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	31 December 2022		31 December 2021	
		US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
ASSETS					
Balances with the National Bank of Cambodia	4	5,100,287	20,997,882	5,081,920	20,703,742
Balances with other banks	5	45,373,418	186,802,362	45,265,264	184,410,686
Property and equipment	6	65,476	269,565	76,664	312,329
Right-of-use assets	7	125,903	518,343	54,546	222,220
Deferred tax assets	9.3	1,770	7,287	2,916	11,880
Other assets	8	42,299	174,143	37,284	151,896
TOTAL ASSETS		50,709,153	208,769,582	50,518,594	205,812,753
LIABILITIES AND EQUITY					
LIABILITIES					
Income tax payable	9.2	33,337	137,248	22,616	92,138
Lease liabilities	7	126,676	521,525	59,198	241,173
Other liabilities	10	25,359	104,403	31,621	128,824
Total liabilities		185,372	763,176	113,435	462,135
EQUITY					
Branch capital	11	50,000,000	200,000,000	50,000,000	200,000,000
Retained earnings					
(Accumulated losses)		81,341	339,807	(35,988)	(139,717)
Regulatory reserve	11	442,440	1,803,794	441,147	1,798,510
Cumulative translation differences		-	5,862,805	-	3,691,825
Total equity		50,523,781	208,006,406	50,405,159	205,350,618
TOTAL LIABILITIES AND EQUITY		50,709,153	208,769,582	50,518,594	205,812,753

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Service income	12	918,496	3,753,893	802,021	3,262,621
Interest income	13	18,521	75,695	4,466	18,168
Operating income		937,017	3,829,588	806,487	3,280,789
Personnel expenses	14	(354,639)	(1,449,410)	(369,735)	(1,504,082)
General and administrative expenses	15	(335,047)	(1,369,337)	(233,388)	(949,422)
Depreciation expense	6,7	(83,336)	(340,594)	(100,434)	(408,566)
Finance cost	7	(1,893)	(7,737)	(2,843)	(11,565)
Recovery of expected credit losses on balances with other banks	5	213	871	4,312	17,541
Income before income tax		162,315	663,381	104,399	424,695
Income tax expense	9	(43,693)	(178,573)	(32,025)	(130,278)
Net income for the year		118,622	484,808	72,374	294,417
<i>Other comprehensive income (loss)</i>					
Translation difference		-	2,170,980	-	1,460,086
Total comprehensive income (loss) for the year		118,622	2,655,788	72,374	1,754,503

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	<i>Branch capital</i>		<i>Retained earnings (Accumulated losses)</i>		<i>Regulatory reserve</i>		<i>Cumulative translation differences</i>	<i>Total</i>	
	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>
Balance as at 1 January 2022	50,000,000	200,000,000	(35,988)	(139,717)	441,147	1,798,510	3,691,825	50,405,159	205,350,618
Total comprehensive income for the year	-	-	118,622	484,808	-	-	2,170,980	118,622	2,655,788
Transfer to regulatory reserve	-	-	(1,293)	(5,284)	1,293	5,284	-	-	-
Balance as at 31 December 2022	50,000,000	200,000,000	81,341	339,807	442,440	1,803,794	5,862,805	50,523,781	208,006,406
Balance as at 1 January 2021	50,000,000	200,000,000	(103,200)	(413,135)	435,985	1,777,511	2,231,739	50,332,785	203,596,115
Total comprehensive income for the year	-	-	72,374	294,417	-	-	1,460,086	72,374	1,754,503
Transfer to regulatory reserve	-	-	(5,162)	(20,999)	5,162	20,999	-	-	-
Balance as at 31 December 2021	50,000,000	200,000,000	(35,988)	(139,717)	441,147	1,798,510	3,691,825	50,405,159	205,350,618

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
OPERATING ACTIVITIES					
Income before income tax		162,315	663,381	104,399	425,322
<i>Adjustments for:</i>					
Depreciation expense	6,7	83,336	340,594	100,434	408,566
Recovery of ECLs on balances with other banks	5	(213)	(871)	(4,312)	(17,541)
Net cash provided by operating activities before changes in operating assets and liabilities		245,438	1,003,104	200,521	816,347
<i>Changes in operating assets and liabilities:</i>					
Other assets		(6,010)	(24,563)	30,142	122,618
Other liabilities		(6,262)	(25,593)	(19,483)	(79,257)
Net cash generated from operations		233,166	952,948	211,180	859,708
Income tax paid	9.2	(31,826)	(130,073)	(40,735)	(165,710)
Net cash provided by operating activities		201,340	822,875	170,445	693,998
INVESTING ACTIVITY					
Acquisition of property and equipment	6	(5,802)	(23,713)	-	-
FINANCING ACTIVITY					
Payment of principal portion of lease liabilities	7	(69,230)	(282,943)	(82,809)	(336,867)
Increase in cash and cash equivalents		126,308	516,219	87,636	357,131
Cash and cash equivalents at beginning of year		45,358,805	184,791,772	45,271,169	183,121,878
Translation difference		-	1,954,220	-	1,312,763
Cash and cash equivalents at end of year	5	45,485,113	187,262,211	45,358,805	184,791,772
<i>Operational cash flows from interest</i>					
Interest received		18,367	75,066	2,496	10,154
Interest paid		1,893	7,737	2,843	11,565

12. NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2022 and for the year then ended

1. CORPORATE INFORMATION

Establishment and operations

Branch of Mizuho Bank, Ltd. ("the Branch") was incorporated in Cambodia on 17 June 2016 under the registration number Co. 00014132 and was granted a banking license by the National Bank of Cambodia ("NBC") on 1 February 2017 for an indefinite period. The Branch commenced operations on 19 April 2017.

Its head office, Mizuho Bank, Ltd. ("MHBK"), a bank incorporated and registered in Tokyo, Japan is part of the Mizuho Financial Group, Inc. ("MFG, Inc."). MFG Inc., a listed entity on the Tokyo Stock Exchange and New York Stock Exchange, is one of the largest financial institutions in the world, offering comprehensive financial and strategic services, including banking, securities, trust and asset management, credit card, private banking and venture capital, through its group companies including Mizuho Bank and Mizuho Securities.

The Branch is licensed to carry out banking operations including deposits, loans, foreign exchange, and other related services. The Branch is also capable to provide enhanced financial services through its e-banking system.

Currently, the principal activity of the Branch is to provide marketing support for banking services of Mizuho Bank, Ltd. Bangkok Branch for its clients in Cambodia.

The Branch's registered office address is at Aeon Mall Phnom Penh (I), 1st Floor, Samdach Sothearos Blvd, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.

There is no significant change in the principal activities of the Branch during the year.

Executive management

The members of the Executive Management during the year and at the date of this report are:

Mr. Nobufumi Sato	General Manager
Mr. Yoshiyuki Yamamoto	Head of Relationship Management and Administrative/Internal Control Divisions (<i>Resigned on 05 November 2022</i>)
Mr. Yin Kompheak	Acting Head of Relationship Management and Administrative/Internal Control Divisions (<i>Appointed on 07 November 2022</i>)

Location

The Branch's registered office address is at Aeon Mall Phnom Penh (I), 1st Floor, Samdach Sothearos Blvd, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia

Employees

As at 31 December 2022, the Branch has a total of 6 employees (2021: 7 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Executive Management on 31 March 2023.

2. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

2.1.1 *Statement of compliance*

The financial statements have been prepared in compliance with Cambodian International Financial Reporting Standards ("CIFRSs").

2.1.2 *Basis of measurement*

The financial statements have been prepared on historical cost basis, except for any financial assets and financial liabilities that have been measured at fair value.

2.1.3 *Fiscal year*

The Branch's fiscal year starts on 1 January and ends on 31 December.

2.1.4 *Functional and presentation currency*

The national currency of Cambodia is the Khmer Riel ("KHR"). However, the Branch transacts and maintains its accounting records primarily in United States dollar ("US\$"). Management has determined the US\$ to be the Branch's functional currency as it reflects the economic substance of the underlying events and circumstances of the Branch.

The financial statements are presented in US\$. Transactions in foreign currencies are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the statement of financial position date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

2.1.5 *Translation of US\$ into KHR*

The translation of the US\$ amounts into thousands KHR ("KHR'000") is presented in the financial statements to comply with the Law on Accounting and Audit dated 11 April 2016 and the relevant CIFRS using the closing and average rates.

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each year, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year. Exchange differences arising from translation are recognized and accumulated in the cumulative translation differences presented under equity in the statement of financial position. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

The financial statements are presented in KHR based on the applicable exchange rates per US\$1 as follows:

	2022	2021
Closing rate	4,117	4,074
Average rate	4,087	4,068

2.1.6 *Standards issued but not yet effective*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Branch's financial statements are disclosed below. These standards and amendments to CIFRSs issued but not yet effective are not expected to have a significant impact on the financial position or performance of the Branch.

2. ACCOUNTING POLICIES (continued)

2.1 *Basis of preparation* (continued)

2.1.6 *Standards issued but not yet effective* (continued)

Effective beginning on or after 1 January 2023

- CIFRS 17, Insurance Contracts
- Amendments to CIAS 1, First-time Adoption of Cambodian International Financial Reporting Standards - Classification of liabilities as current and non-current
- Amendments to CIAS 1, First-time Adoption of Cambodian International Financial Reporting Standards, and CIFRS Practice Statement 2 Making Materiality Judgments - Disclosure of Accounting Policies
- Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to CIAS 12, Income Taxes - Deferred Tax related to Assets and Liability arising from a Single Transaction.

2.2. *Summary of significant accounting policies*

The accounting policies adopted are consistent with those of the previous financial year, except that the Branch has adopted the following new accounting pronouncements starting 1 January 2022. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Branch:

- Amendments to CIFRS 9, Financial Instruments – Fee in the “10 per cent” test for derecognition of financial liabilities
- Amendments to CIFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to CIAS 16, Property Plant and Equipment - Proceeds before Intended Use
- Amendments to CIAS 37, Provisions, Contingent Liabilities and Contingent Assets - Onerous contracts – Costs of Fulfilling a Contract
- Amendments to CIFRS 1, First-time Adoption of Cambodian International Financial Reporting Standards – Subsidiary as a first-time adopter
- Amendments to CIAS 41, Agriculture – Taxation in fair value measurements

2.2.1 *Financial instruments*

2.2.1.1 *Recognition and initial measurement*

(i) *Date of recognition*

Financial instruments are recognized in the statement of financial position when the Branch becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on trade date – the date on which the Branch commits to purchase or sell the assets.

(ii) *Initial measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Branch's business model for managing them. The Branch initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.1 Financial instruments (continued)

2.2.1.1 Recognition and initial measurement (continued)

(ii) Initial measurement (continued)

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income ("FVTOCI"), it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2.2.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are measured at FVTPL unless these are measured at FVTOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Branch may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Branch has no financial asset measured at FVTPL as at 31 December 2022.

(ii) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Branch. The Branch measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at 31 December 2022, the Branch's balances with the NBC, balances with other banks and refundable deposits (presented under "Security deposits" in other assets in the statement of financial position) are classified under this category.

(iii) Financial assets at FVTOCI (debt instruments)

The Branch measures debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost.

The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Branch has no debt instruments at FVTOCI as of 31 December 2022.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.1 Financial instruments (continued)

2.2.1.2 Subsequent measurement (continued)

(iv) Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Branch can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under CAS 32, *Financial Instruments: Disclosure and Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when the Branch benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Branch has no equity instruments designated at FVTOCI as at 31 December 2022

Other financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Branch's financial liabilities include lease liabilities and other liabilities.

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Branch that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria are satisfied. As at 31 December 2022, the Branch has not designated any financial liability as at FVTPL.

(ii) Financial liabilities at amortized cost

This accounting policy relates to other liability items captioned as lease liabilities, accruals and others, payable to suppliers and accrued seniority backpay.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified or designated as financial liabilities at FVTPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.1 Financial instruments (continued)

2.2.1.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2.2.1.4 Impairment of financial assets

The Branch records the allowance for expected credit losses (“ECLs”) on balances with other banks.

ECL represents credit loss that reflects an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (“SICR”) since initial recognition (general approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are credit losses that results from all possible default events over the expected life of a financial instrument.

For balances with other banks, the Branch applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Branch’s policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses external risk ratings (i.e. Moody’s) to determine whether the financial instrument has significantly increased in credit risk and to estimate ECL.

2.2.1.5 Derecognition of financial assets and liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Branch retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- The Branch has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred control of the asset.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.1 Financial instruments (continued)

2.2.1.5 Derecognition of financial assets and liabilities

(ii) Financial assets

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Branch's continuing involvement in the asset. In that case, the Branch also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Branch has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Branch could be required to repay

(iii) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

2.2.1.6 Business model assessment

The Branch determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated.

The expected frequency, value and timing of sales are also important aspects of the Branch's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Branch's original expectations, the Branch does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.2.1.7 The SPPI test

As a second step of its classification process, the Branch assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Branch applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.1 Financial instruments (continued)

2.2.1.7 The SPPI test (continued)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.2.1.8 Fair value measurement

The Branch measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Branch determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.2.2 Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.3 Balances with the NBC

Balances with the NBC including statutory deposits are stated at cost.

Statutory deposits are maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital and customers' deposits as required by the NBC.

2.2.4 Balances with other banks

Deposits and placements with other banks are stated at cost less expected credit loss.

2.2.5 Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation of property and equipment is charged to the statement of comprehensive income on a declining basis over the estimated useful lives of the individual assets at the following rates:

Leasehold improvements	20%
Furniture and fixture	25%
Equipment	20%
Computer equipment	50%
Other tangible assets	20%

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Branch. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognized in the profit or loss in the statement of comprehensive income on the date of retirement or disposal.

(v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

(vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the profit or loss in the statement of comprehensive income immediately.

(vii) Reversal of impairment losses recognized in prior years is recorded where there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recognized to the extent of the carrying amount of the asset that would have been determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the statement of comprehensive income immediately.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.5 Property and equipment (continued)

(viii) Construction-in-progress is stated at cost. This includes cost of construction of property and equipment and other direct costs. Asset under construction is not depreciated until such time when the relevant assets are completed and ready for operational use.

2.2.6 Leases

The Branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Branch as a lessee

The Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Branch recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Branch recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Branch at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Branch recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Branch uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.6 Leases (continued)

(iii) Short-term leases and leases of low-value assets

The Branch applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

2.2.7 Other assets

Other assets are carried at anticipated realizable values. An estimate is made for doubtful accounts based on a review of all outstanding amounts as at statement of financial position date.

2.2.8 Income tax

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the statement of financial position date.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position liability method on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.9 Employee benefits

Salaries, wages, allowances, and other benefits are accrued in the period in which the associated services are rendered by employees of the Branch.

In 2019, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2019 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2020. The said Prakas requires retroactive seniority payment equal to fifteen days per year of employee service for a maximum not exceeding 6 months based on the average net wages for each year. Payment shall be spread over a period beginning December 2021 and every June and December thereafter as follows:

- Equal to three days payable every June, and
- Equal to three days payable every December.

2.2.10 Provisions for liabilities

Provisions for liabilities are recognized when the Branch has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.2.11 Equity

Branch capital

This represents the contributed capital of the Branch recognized based on the face value of contributions.

Retained earnings (Accumulated losses) and Regulatory reserve

Retained earnings (accumulated losses) represent accumulated earnings (losses) of the Branch less dividends declared.

Regulatory reserve is set up to account for the difference in allowance for ECLs determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2019 on credit risk classification and provision on impairment for banks and financial institutions.

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.12 Regulatory reserve

The regulatory provision requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as follows:

<i>Classification</i>	<i>Number of days past due</i>	<i>Allowance rate</i>
Standard	0 to 14 days (short-term)	1%
	0 to 29 days (long-term)	
Special mention	15 days to 30 days (short-term)	3%
	30 days to 89 days (long-term)	
Substandard	31 days to 60 days (short-term)	20%
	90 days to 179 days (long-term)	
Doubtful	61 days to 90 days (short-term)	50%
	180 days to 359 days (long-term)	
Loss	From 91 days (short-term)	100%
	360 days or more (long-term)	

The Branch shall compare the provision calculated in accordance with CIFRS 9 and the regulatory provision, and:

- (i) In case the regulatory provision is lower than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9; and
- (ii) In case the regulatory provision is higher than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9 and transfer the difference from retained earnings or accumulated loss account to the regulatory reserve.

In December 2021, the NBC issued Circular No. B7-021-2314 to provide additional guidance to banks and financial institutions in classifying their loans which have been restructured up to 31 December 2021 and in providing the regulatory allowance. This Circular requires banks and financial institutions to classify the restructured loans as follows:

- Special mention if a restructured loan is “viable” or deemed as “performing”
- Substandard if a first-time restructured loan will need another restructuring
- Doubtful if a second-time restructured loan will need another restructuring
- Loss if a restructured loan is “non-viable” or deemed as “non-performing”

2.2.13 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Branch expects to be entitled in exchange for those goods and services.

The Branch follows a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

2. ACCOUNTING POLICIES (continued)

2.2. Summary of significant accounting policies (continued)

2.2.13 Revenue recognition (continued)

The Branch exercises judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Branch assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Branch has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized within the scope of CIFRS 15:

Service income

The Branch earns fee and commission income from providing marketing, relevant service and additional activities such as administrative functions upon request of Mizuho Bank, Ltd. Bangkok Branch. Fee and commission income are recognized at an agreed base cost plus mark-up amount that reflects the consideration to which the Branch expects to be entitled in exchange of providing the services. Service charges and processing fees are recognized overtime the service is provided.

Interest income

Interest is recognized as it accrues taking into account the effective yield on the assets, (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

2.2.14 Expense recognition

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized as incurred.

2.2.15 Related parties

Parties are considered to be related if the Branch has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Branch and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

2.2.16 Rounding of amounts

Except as indicated otherwise, amounts in the financial statements have been rounded off to the nearest dollar and nearest thousands ("KHR'000") for US\$ and KHR amounts, respectively, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The following are the significant judgments, estimates and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3.1 Judgments

3.1.1 Classification of financial assets

The Branch classifies its financial assets depending on the results of the SPPI tests and on the business model used for managing those financial assets.

The SPPI test is the first of two tests that determine the classification of a financial asset. When performing the SPPI test, the Branch assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

The business model assessment is the second test. The business model reflects how financial assets are managed in order to generate net cash inflows, the Branch performs business model assessment based on the following factors:

- Business objectives and strategies for holding financial assets
- Performance measures being used to evaluate the Branch's key management personnel accountable to the financial assets
- Compensation structure, including whether based on fair value changes of the investments managed or on the generated cash flows from transaction
- Frequency and timing of disposals

3.2 Estimates

3.2.1 Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Current accounts	100,287	412,882	81,920	333,742
Capital guarantee	5,000,000	20,585,000	5,000,000	20,370,000
	5,100,287	20,997,882	5,081,920	20,703,742

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA (continued)**Capital guarantee**

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10% of registered capital with NBC. This deposit is not available for use in the Branch's day-to-day operations but is refundable when the Branch voluntarily ceases to operate the business in Cambodia.

Annual interest rates on balances with the NBC are as follows:

	2022	2021
Current accounts	Nil	Nil
Capital guarantee	0.65%-1.19%	0.04%-0.06%

5. BALANCES WITH OTHER BANKS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Local bank	143,283	589,896	167,272	681,466
Overseas bank (Note 16)	45,241,543	186,259,433	45,109,613	183,776,564
Gross balances with other banks	45,384,826	186,849,329	45,276,885	184,458,030
Allowance for ECLs	(11,408)	(46,967)	(11,621)	(47,344)
Net	45,373,418	186,802,362	45,265,264	184,410,686

Balances with local and overseas banks are non-interest bearing.

Movements of allowance for ECLs are as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Balance as at 1 January	11,621	47,344	15,933	64,448
Recovery during the year	(213)	(871)	(4,312)	(17,541)
Translation difference	-	494	-	437
Balance as at 31 December	11,408	46,967	11,621	47,344

For purposes of preparing the statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Balances with the NBC	100,287	412,882	81,920	333,742
Balances with other banks	45,384,826	186,849,329	45,276,885	184,458,030
Total cash and cash equivalents	45,485,113	187,262,211	45,358,805	184,791,772

6. PROPERTY AND EQUIPMENT

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Equipment</i>	<i>Computer equipment</i>	<i>Other fixed assets</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Cost						
As at 1 January 2022	72,907	16,349	1,247	948	29,730	121,181
Additions	-	-	-	-	5,802	5,802
As at 31 December 2022	72,907	16,349	1,247	948	35,532	126,983
Accumulated depreciation						
As at 1 January 2022	24,303	8,580	813	911	9,910	44,517
Charge for the year	9,681	2,465	87	19	4,738	16,990
As at 31 December 2022	33,984	11,045	900	930	14,648	61,507
Net book value						
As at 31 December 2022	38,923	5,304	347	18	20,884	65,476
KHR'000 equivalent (Note 2.1.5)	160,246	21,837	1,429	74	85,979	269,565

6. PROPERTY AND EQUIPMENT (continued)

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Equipment</i>	<i>Computer equipment</i>	<i>Other fixed asset</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Cost						
As at 1 January and 31 December 2021	72,907	16,349	1,247	948	29,730	121,181
Accumulated depreciation						
As at 1 January 2021	12,151	5,342	705	874	4,955	24,027
Charge for the year	12,152	3,238	108	37	4,955	20,490
As at 31 December 2021	24,303	8,580	813	911	9,910	44,517
Net book value						
As at 31 December 2021	48,604	7,769	434	37	19,820	76,664
KHR'000 equivalent (Note 2.1.5)	198,013	31,651	1,768	150	80,747	312,329

7. LEASES

The Branch entered into lease contracts for the office space and vehicles used in its operations with lease terms of 3 years and 2 years, respectively. The Branch's obligations under its leases are secured by the lessor's title to the leased assets.

In 2022, there were a renewal to the lease agreement for the office space and vehicle extending the lease term for 3 years and 2 years, respectively. The renewal was accounted for by the Company as a 'lease modification' under CIFRS 16.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

	<i>Vehicles</i>	<i>Office space</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Cost			
As at 1 January 2022	185,879	106,001	291,880
Additions	36,020	101,683	137,703
Disposals	(185,879)	-	(185,879)
As at 31 December 2022	36,020	207,684	243,704
Accumulated depreciation			
As at 1 January 2022	166,518	70,816	237,334
Charge for the year	32,872	33,474	66,346
Disposals	(185,879)	-	(185,879)
As at 31 December 2022	13,511	104,290	117,801
Net book value	22,509	103,394	125,903
KHR'000 equivalent (Note 2.1.5)	91,994	422,571	518,343
	<i>Vehicles</i>	<i>Office space</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Cost			
As at 1 January and 31 December 2021	185,879	106,001	291,880
Accumulated depreciation			
As at 1 January 2021	120,048	37,342	157,390
Charge for the year	46,470	33,474	79,944
As at 31 December 2021	166,518	70,816	237,334
Net book value	19,361	35,185	54,546
KHR'000 equivalent (Note 2.1.5)	78,761	143,133	222,220

7. LEASES (continued)

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>Vehicles</i>	<i>Office space</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
As at 1 January 2022	20,406	38,792	59,198
Additions	36,020	100,688	136,708
Accretion of interest	1,430	463	1,893
Payments	(34,882)	(36,241)	(71,123)
As at 31 December 2022	22,974	103,702	126,676
KHR'000 equivalent (Note 2.1.5)	94,584	426,941	521,525
As at 1 January 2021	68,166	73,841	142,007
Accretion of interest	1,652	1,191	2,843
Payments	(49,412)	(36,240)	(85,652)
As at 31 December 2021	20,406	38,792	59,198
KHR'000 equivalent (Note 2.1.5)	83,134	158,039	241,173

	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>
Maturity analysis – contractual undiscounted cash flows				
Within one year	52,279	215,233	56,828	231,517
One to five years	80,265	330,451	3,020	12,303
Total undiscounted lease liabilities	132,544	545,684	59,848	243,820

Amounts recognized in the statement of comprehensive income comprise:

	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1.5)</i>
Depreciation of right-of-use assets	66,346	271,156	79,944	325,212
Accretion of interest on lease liabilities	1,893	7,737	2,843	11,565
	68,239	278,893	82,787	336,777

7. LEASES (continued)

Lease liabilities (continued)

Amount recognized in statement of cash flows comprise:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Payment of principal portion of lease liabilities	69,230	282,943	82,809	336,867

8. OTHER ASSETS

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Security deposits	18,346	75,530	25,887	105,464
Prepayments	18,817	77,470	6,254	25,479
Receivables from head office and other branch (Note 16)	5,136	21,143	5,143	20,953
	42,299	174,143	37,284	151,896

Receivables from head office and other branch arise from reimbursable expenses paid on behalf of the head office and accrued fee and commission income due from other branch.

9. INCOME TAX

Components of income tax expense are as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Current income tax	42,547	173,890	30,917	125,770
Deferred tax	1,146	4,683	1,108	4,508
Income tax expense	43,693	178,573	32,025	130,278

9.1 Current corporate income tax ("CIT")

In accordance with the Cambodian tax law, the Branch has an obligation to pay current CIT of either the profit tax at the rate of 20% of taxable income or a minimum tax at 1% of gross revenue, whichever is higher.

9. INCOME TAX (continued)

9.1 Current corporate income tax ("CIT") (continued)

The reconciliation of income tax computed at the statutory tax rate to the income tax expense shown in the statement of comprehensive income is as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Income before income tax	162,315	663,381	104,399	424,695
Income tax at applicable statutory tax rate of 20%	32,463	132,676	20,880	84,940
Non-deductible expenses	11,261	46,024	11,217	45,631
Non-taxable income	(31)	(127)	(72)	(293)
	43,693	178,573	32,025	130,278

The Branch's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

9.2 Income tax payable

Movements of income tax payable during the year are as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Balance as at 1 January	22,616	92,138	32,434	131,196
Current income tax expense	42,547	173,890	30,917	125,770
Income tax paid	(31,826)	(130,073)	(40,735)	(165,710)
Foreign exchange difference	-	1,293	-	882
Balance as at 31 December	33,337	137,248	22,616	92,138

9. INCOME TAX (continued)**9.3 Deferred income tax**

Deferred tax assets – net comprises the following:

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Deferred tax assets on:				
Lease liabilities	25,335	104,304	11,840	48,236
Allowance for ECLs on balances with other banks	2,282	9,395	2,324	9,468
Provision for seniority backpay	-	-	372	1,516
Total deferred tax liabilities	27,617	113,699	14,536	59,220
Deferred tax liabilities on:				
Right-of-use assets	(25,181)	(103,670)	(10,910)	(44,447)
Accumulated depreciation	(666)	(2,742)	(710)	(2,893)
Total deferred tax liabilities	(25,847)	(106,412)	(11,620)	(47,340)
Deferred tax assets - net	1,770	7,287	2,916	11,880

The Branch recognized deferred tax asset on temporary differences since management assess that it is highly probable that taxable profit will be available against which the temporary differences can be utilized.

10. OTHER LIABILITIES

	31 December 2022		31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Accruals and others	14,052	57,852	15,269	62,206
Other taxes	10,138	41,738	12,916	52,620
Payable to suppliers	832	3,425	2,944	11,994
Accrued seniority backpay	337	1,388	492	2,004
	25,359	104,403	31,621	128,824

11. EQUITY*Branch capital*

Branch capital represents the equity invested by the head office.

Regulatory reserves

Regulatory reserves represent the reserves provided for the variances of allowance for expected credit losses based on CIFRSs and regulatory allowance based on NBC.

12. SERVICE INCOME

This represents service fee earned from Mizuho Bank, Ltd. Bangkok Branch for services provided by the Branch (Note 16).

13. INTEREST INCOME

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Capital guarantee	18,367	75,066	2,496	10,154
Accretion for security deposits	154	629	1,970	8,014
	18,521	75,695	4,466	18,168

14. PERSONNEL EXPENSES

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Salaries and wages	269,636	1,102,002	284,531	1,157,472
Allowances	53,010	216,652	41,313	168,061
Other benefits	31,993	130,756	43,891	178,549
	354,639	1,449,410	369,735	1,504,082

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Legal and professional fees	139,298	569,311	97,427	396,333
Telephone and internet	71,562	292,474	35,612	144,870
Repairs and maintenance	38,458	157,178	17,822	72,500
License fee	36,599	149,580	37,129	151,041
Membership and subscriptions	17,825	72,851	17,295	70,356
Social	7,908	32,320	4,841	19,693
Office supplies	5,896	24,097	3,373	13,721
Travelling	4,576	18,702	5,478	22,285
Advertising and marketing	3,333	13,622	3,708	15,084
Insurance	2,932	11,983	2,647	10,768
Rental	2,100	8,583	2,100	8,543
Other taxes	1,476	6,032	3,045	12,387
Others	3,084	12,604	2,911	11,841
	335,047	1,369,337	233,388	949,422

Others include donation, utilities, delivery fee and foreign exchange loss.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Significant related party transactions of the Branch during the year and outstanding balances arising from those transactions are as follows:

Related party	Transaction	Net transaction amount				Net outstanding balance			
		2022		2021		31 December 2022		31 December 2021	
		US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)	US\$	KHR'000 equivalent (Note 2.1.5)
Mizuho Bank, Ltd. Bangkok Branch	Balances with other banks (Note 4)	131,930	543,156	499,786	2,036,128	45,241,543	186,259,433	45,109,613	183,776,564
	Service income (Note 12); Receivables from HO and other branch (Note 8)	918,496	3,753,893	802,021	3,262,621	5,136	21,143	5,143	20,953
Key management personnel	Compensation	201,502	823,539	223,250	908,181	-	-	-	-

17. TAX CONTINGENCY

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

18. FINANCIAL RISK MANAGEMENT

The Branch's activities are exposed to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business.

The Branch does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

The Branch aims to comply with NBC's regulations for financial risk management purposes. In addition to minimum requirements of NBC, the Branch also adopts relevant financial risk management procedures of the head office.

18.1 *Operational risk*

The operational risk which would result from inadequate or failed internal processes, people and systems is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its banking business.

18.2 *Market risk*

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

18.2.1 *Foreign currency exchange risk*

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Branch maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As at statement of financial position date, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

18. FINANCIAL RISK MANAGEMENT (continued)

18.2. Market risk (continued)

18.2.2 Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

18.3. Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Management believes that the Branch fully complies with all liquidity requirements of the NBC as it closely monitors all inflows and outflows and the maturity gaps through periodical reporting.

18. FINANCIAL RISK MANAGEMENT (continued)

18.3 Liquidity risk (continued)

Analysis of the financial assets and liabilities of the Branch into relevant maturity groupings based on the remaining periods to repayment follows:

	31 December 2022					Total US\$
	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	
Financial assets						
Balances with the NBC	100,287	-	-	-	-	100,287
Balances with other banks	45,373,418	-	-	-	-	45,373,418
Other assets	5,136	-	-	18,346	-	23,482
	45,478,841	-	-	18,346	-	45,497,187
Financial liabilities						
Lease liabilities	8,428	8,995	39,534	69,719	-	126,676
Other liabilities	14,884	-	337	-	-	15,221
	23,312	8,995	39,871	69,719	-	141,897
Net liquidity gap	45,455,529	(8,995)	(39,871)	(51,373)	-	45,355,290
KHR'000 equivalent (Note 2.1.5)	187,140,413	(37,032)	(164,149)	(211,503)	-	186,727,729

18. FINANCIAL RISK MANAGEMENT (continued)

18.3 Liquidity risk (continued)

	31 December 2021					
	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	Total US\$
Financial assets						
Balances with the NBC	81,920	-	-	-	-	81,920
Balances with other banks	45,265,264	-	-	-	-	45,265,264
Other assets	5,143	-	-	25,887	-	31,030
	45,352,327	-	-	25,887	-	45,378,214
Financial liabilities						
Lease liabilities	7,011	14,072	35,101	3,014	-	59,198
Other liabilities	17,152	-	-	1,553	-	18,705
	24,163	14,072	35,101	4,567	-	77,903
Net liquidity gap	45,328,164	(14,072)	(35,101)	21,320	-	45,300,311
KHR'000 equivalent (Note 2.1.5)	184,666,940	(57,329)	(143,001)	86,858	-	184,553,467

18.4 Capital management

The Branch's lead regulator, NBC, sets and monitors capital requirements for the Branch as a whole.

The Branch's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business.

The impact of the level of capital on shareholders' return is also recognized. As such, the Branch tries to maintain a balance between the higher returns that may be possible with greater gearing and advantages and security afforded by a sound capital position.

As at statement of financial position date, management has determined that the Branch complies with the solvency ratio prescribed by the NBC at 15%.

19. MATURITY PROFILE OF ASSETS AND LIABILITIES

The following table shows an analysis of assets and liabilities of the Branch analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	31 December 2022			31 December 2021		
	Within 1 year US\$	Over 1 year US\$	Total US\$	Within 1 year US\$	Over 1 year US\$	Total US\$
Financial assets						
Balances with the NBC	100,287	-	100,287	81,920	-	81,920
Balances with other banks	45,384,826	-	45,384,826	45,276,885	-	45,276,885
Other assets	5,136	18,346	23,482	5,143	25,887	31,030
	45,490,249	18,346	45,508,595	45,363,948	25,887	45,389,835
Non-financial assets						
Balances with the National Bank of Cambodia	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Property and equipment	-	126,983	126,983	-	121,181	121,181
Right-of-use assets	-	243,704	243,704	-	291,880	291,880
Deferred tax assets	-	1,770	1,770	-	2,916	2,916
Other assets	18,817	-	18,817	6,254	-	6,254
	18,817	5,372,457	5,391,274	6,254	5,415,977	5,422,231
	45,509,066	5,390,803	50,899,869	45,370,202	5,441,864	50,812,066
Less: Allowance for ECLs on balances with other banks			11,408			11,621
Accumulated depreciation			179,308			281,851
Total assets			50,709,153			50,518,594
KHR'000 equivalent (Note 2.1.5)	187,360,825	22,193,936	208,769,582	184,838,203	22,170,154	205,812,753

19. MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	31 December 2022			31 December 2021		
	Within 1 year US\$	Over 1 year US\$	Total US\$	Within 1 year US\$	Over 1 year US\$	Total US\$
Financial liabilities						
Lease liabilities	56,957	69,719	126,676	56,184	3,014	59,198
Other liabilities	15,221	-	15,221	17,152	1,553	18,705
	72,178	69,719	141,897	73,336	4,567	77,903
Non-financial liabilities						
Income tax payable	33,337	-	33,337	22,616	-	22,616
Other liabilities	10,138	-	10,138	12,916	-	12,916
	43,475	-	43,475	35,532	-	35,532
Total liabilities	115,653	69,719	185,372	108,868	4,567	113,435
KHR'000 equivalent (Note 2.1.5)	476,143	287,033	763,176	443,527	18,606	462,135

20. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Branch's financial instruments such as balances with the NBC, balances with other banks, refundable deposits (presented under "Security deposits" in other assets), lease liabilities, and other liabilities are not materially sensitive to shifts in market profit rate because of the limited term or maturity of these instruments. As such, the carrying values of these financial assets and liabilities approximate their respective fair values at the statement of financial position date.

21. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2022 that had significant impact on the statement of financial position of the Branch as at 31 December 2022.